GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

UNSTARRED QUESTION NO:622
ANSWERED ON:09.07.2004
INCREASE IN COAL PRICES
Mane Smt. Nivedita;Nikhil Kumar Shri ;Singh Shri Kirti Vardhan;Singh Shri Mohan;Vijay Krishna Shri

Will the Minister of COAL AND MINES be pleased to state:

(a) whether the Coal India Limited has increased the price of coal;

(b) if so, the details thereof and the rationale behind this hike;

(c) whether the quality of coal produced in India is at par with other developed countries ;

(d) if not, the steps being taken to improve the quality of ndigenous coal; and

(e) the percentage of coal being extracted during each of the last three years ?

Answer

MINISTER OF STATE FOR COAL AND MINES (DR. DASARI NARAYANA RAO)

a) : Yes Sir.

b) : The recent increase in price of coal by Coal India Limited ranges from an average of Rs.81.35 per tonne in case of coal supplies to power sector to Rs.251.82 per tonne in case of coking coal. The weighted average increase in price of coal comes to approximately 16.7%. The price increase is with effect from 16.6.2004.

Some of the main considerations necessitating this price increase include steep increase in cost of major inputs like power, diesel and steel etc. since the last coal price increase resulting in increased cost of production for coal; steep increase in price of coal in the international market; rationalization of coal prices in some subsidiaries to realize the due worth of their coal to the consumers and for raising resources for modernization of existing mines and investment in up-coming projects required for bridging the increasing gap between demand and supply of coal in the country etc. Seven subsidiaries of Coal India Ltd., last increased the price 2-3 years back and Northern Coalfields Ltd did so in October, 2003.

c) : Quality of coal produced in India is generally poor compared to coal produced in many other countries mainly due to its drift theory origin, which has resulted in intimate mixing of mineral matter in coal along-with presence of large number of thin bands of extraneous matter.

d) : Indian coal being inherently of inferior quality cannot, in general, be brought at par with international coal. However, by resorting to coal beneficiation, the ash content of Indian coal can be reduced to some extent thereby increasing its heat value. Government has encouraged setting up of coal beneficiation plants by the BOO (Built own Operate) operators in different coalfields to make available washed coal to the linked consumers.

e) : Coal production in India during 2001-02, 2002-03 and 2003- 04 has been 327.79, 341.27 and 361.17 million tones (provisional) respectively.